



SSEDAS RESEARCH HUNGARY

I. GENERAL OVERVIEW

Social and solidarity economy in Hungary

Legal environment

In Hungary, there is no separate law for SSE/social enterprises. Legal framework lays mainly on the following acts:

- 1) Act CLXXV of 2011 on civil society organizations
- 2) Act IV of 2006 on business associations
- 3) Act LXXXVIII of 2005 on volunteering for public
- 4) Act XLI of 2013 on cooperatives
- 5) Act XLI of 2013 on social cooperatives

Social enterprises in Hungary can choose to function either in a non-profit or in a for profit legal form. Social enterprises functioning in non-profit legal form can only carry out business activities in a complementary manner. Those social enterprises that have a special public benefit status may enjoy some discounts or exemptions from taxes, duties and customs.

According to a research conducted by the EU funded SEFORIS project¹, 44% of the social enterprises offer at least one service following the fee for service/product model while 20% follows the low-income client model that is a variation of the fee-for-service model. 12% of the organizations have at least one service following the employment model.

The role of the state and the local governments in the development of social enterprises

To clarify the state's role and limit its power is a very sensitive question in Hungary. Foreign examples show that social enterprises often rely on the help of the state and the local government. Government actors, however, must not take over the role of local initiatives - social enterprises should rather follow a bottom-up approach. A kind of paternalism -

¹ http://cordis.europa.eu/project/rcn/111404_en.html

inherited from the socialist system – is not positive for social enterprises².

However, local economic and social conditions often require non-profit businesses with strong social targets and an active participation of local government but they must operate separately from the local administration in all circumstances. In order to create and strengthen a wide range of non-governmental social enterprises, the state should use indirect tools that are able to improve civic initiating capabilities on one side, and form a beneficial environment for the social enterprises on another side. Adaptation of the formulated measures that are laid down in the EU Action Plan for Social Business Initiatives could be the first step on this way.

II. SSE IN HUNGARY'S BUDAPEST AND BARANYA REGIONS

A) Budapest

Population

Budapest, the capital of Hungary has a total population of 1 745 000 people according to the most recent data of the Hungarian Central Statistical Office and the population has been slowly increasing between 2012 and 2014 (from 1 727 000 to 1 745 000). With this result, Budapest is the most populated territory of Hungary.³

According to the data of the year 2014, 67,6% of the population is between the age of 15 and 64, 13,1% is 14 or under the age of 14, and 19,3% is 65 or more. Life expectancy has increased over the past decade: whereas in 1990 it was 66,30 years for men and 73,78 for women, by 2013 it has become 73,94 for men and 79,39 for women. There has been continuously more deaths than births in Budapest over the past four years, and average age has also increased by almost a year since 2001 and more than three years since 1990 (by 2014 it was 40,34 for men and 44,77 for women).⁴

Employment

Regarding the employment rate, that was 58,7% in 2014, with this result, Budapest was above the country's average of 54,1% in 2014. The employment rate has improved by 2,5% since 2012. Out of the total 781 800 employed people there were 378 100 with secondary school degree and 361 100 with university degree. The population of Budapest mainly works in services (more than 80%), the rest is working in the industry. There are no workers in

² Éva G. Fekete: Seeds of Social and Solidarity Economy in Hungarian Rural Areas, DETUROPE – The Central European Journal Of Regional Development and Tourism Vol.6 Issue 3 2014

³ Norbert, Bakos, Mónika, Fábiánné Peszteritz et al: Budapest számokban, 2014, Központi Statisztikai Hivatal, 2015, p. 2, URL: http://www.ksh.hu/docs/hun/xftp/idoszaki/regiok/mesz/01_bp_14.pdf

⁴ Ibid., p. 4

agriculture in this territory. The proportion of people doing manual labor is 38%, compared to the proportion of people doing head-work of 62%.⁵

Social protection

In 2013 the number of general practitioners and pediatricians in Budapest was 1 267 which means 1 377 inhabitants per doctor. There were also 18 321 hospital beds (105 per 10 000 inhabitants) with an exploitation of 77%.⁶

As to the proportion of pensioners in Budapest, it is the highest in Hungary: 22,2%, compared to the country average of 20,5%. The number of people receiving pension or allowance (pensioners and people with reduced capacity to work) has decreased over the years: it was 482 734 in 2013, 470 044 in 2014 and 459 623 in January of 2015. Simultaneously, the allocation for these people increased from a monthly 125 337 HUF to 132 191 HUF. The most significant decrease can be observed in the proportion of people receiving other allocation than pension⁷ which mainly means people with disability pension. However people with disability pension have not just disappeared, only the pretence/claim (jogcim??) has been ended by the government, and the right to allocation of all those who used to receive disability pension has been and in many cases continues to be under revision.

In 2014 there were 6 508 elderly people receiving day care (their number has increased by 291 over the past two years), 13 177 people receiving social alimentation, whose number has decreased by 76 and 5 039 people receiving home care – whose number by the way increased 198 in the last two years.⁸

In the same year there were 163 nurseries in Budapest with 11 998 places and 2 203 caretakers. The number of children under the care of child protection services has increased between 2012 and 2014: from 2 827 to 2 852.⁹

Education and culture

From the school year of 2010/2011 until that of 2014/2015 the following tendencies can be observed: the number of children in elementary education and in kindergarten has increased, and the number of those in secondary education and in vocational school has decreased as well as the number of people in higher education. In higher education there were 64 000 people in the academic year of 2010/2011 whereas four years later only 50 000.¹⁰

⁵ Ibid., p. 6-7

⁶ Ibid., p. 8

⁷ Ibid., p. 10

⁸ Ibid., p. 10

⁹ Loc. cit.

¹⁰ Ibid., p. 12

From 2012 to 2014 the number of community cultural institutions has increased (from 126 to 153), there was an increase in the number of events as well (from 12 487 to 16 217). And the number of visitors increased too: while in 2012 it was 3 660 people, in 2014 it was already 5 050.¹¹

Economy

According to 2013 data, the GDP of Budapest was 11 206 billion HUF, the GDP per capita 6 439 000 HUF (twice as much as the country average) and the GDP per purchasing power parity was 141,4% of that of the average of the EU28, that being the highest figure amongst Hungarian counties (in the case of the whole country the average is 66,2%). The distribution of GDP between the three main economic branches differs a little from the patterns of the country with more than 80% of GDP in services (countrywide the average is a little more than 60%), a little less than 20% in the industry and building industry (the country's average being about 30%) and none in agriculture (which is roughly an average 5% in Hungary). The proportion of GDP spent on research and development has been continuously growing between 2009 and 2013 from 1,78%, to 2,15%. This latter result is more than twice of the country's average spending of 1,41% in the same year.

B) Baranya county

Population

Baranya, the most southern county with a total population of 374 000 people is the eleventh most populated county of Hungary (out of a total of twenty, counting Budapest, the capital as a county as well). However, according to the most recent data of the Hungarian Central Statistical Office¹², the population of Baranya county has been decreasing.

By 2014 the number of inhabitants became 374 000, 7 000 less than two years ago. Another characteristic of the population is that it does not overwhelmingly concentrate in the county seat, the city of Pécs, and a relatively large proportion of the population is living in rural areas. In Pécs 147 000 people live out of the county's total population of 374 000. 97 000 people live in other towns of the county and another 130 000 people live in villages – almost as much as in the county seat.¹³

According to the data of the year 2014, 68% of the population is between the age of 15 and 64, 13,9% is 14 or under the age of 14, and 18,1% is 65 or more. Life expectancy has increased over the past decade: whereas in 1990 it was 65,46 years for men and 72,94 for women, by 2013 it has become 72,16 for men and 78,34 for women. As there has been continuously more

¹¹ Ibid., p. 13

¹² Andrea, Dr. Berkéné Molnár, János, Fitz et al: Baranya megye számokban, 2014, Központi Statisztikai Hivatal, 2015, p. 4, URL: http://www.ksh.hu/docs/hun/xftp/idoszaki/regiok/mesz/02_ba_14.pdf

¹³ Loc. cit.

deaths than births in Baranya county, average age has also increased over the years (by 2014 it was 40,35 for men and 44,56 for women).¹⁴

Employment

Regarding the employment rate, that was 50,7% in 2014, with this result, Baranya county was below the country's average of 54,1% in 2014. However, the employment rate has improved by 6,1% since 2012. Out of the total 145 300 employed people there were 95 700 with secondary school degree and only 30 600 with university degree. The proportion of people doing manual labor is 56%, compared to the proportion of people doing head-work of 44%.¹⁵

Social protection

In 2013 the number of general practitioners and pediatricians in the county was 278 which means 1345 inhabitants per doctor. There were also 3 121 hospital beds (83 per 10 000 inhabitants) with an exploitation of 79%.¹⁶

As to the proportion of pensioners in Baranya county, it is only 0,5% higher than the country average of 20,5%. The number of people receiving pension or allowance (pensioners and people with reduced capacity to work) has decreased over the years: it was 118 303 in 2013, 115 656 in 2014 and 112 491 in January of 2015. Simultaneously, the allocation for these people increased from a monthly 97 404 HUF to 102 851 HUF.¹⁷ The most significant decrease can be observed in the proportion of people receiving other allocation than pension¹⁸ which mainly means people with disability pension. However people with disability pension have not just disappeared, only the pretence/claim (jogcim??) has been ended by the government, and the right to allocation of all those who used to receive disability pension has been and in many cases continues to be under revision.

In 2014 there were 1056 elderly people receiving day care (their number has decreased by 210 over the past two years but it cannot be considered a significant change due to the relatively high mortality rate of the territory), 5 589 people receiving social alimentation, whose number has decreased by 342 and 6 198 people receiving home care – whose number by the way increased 272 in the last two years.¹⁹

¹⁴ Loc. cit.

¹⁵ Ibid., p. 6

¹⁶ Ibid., p. 8

¹⁷ Ibid., p. 10

¹⁸ Ibid., p. 11

¹⁹ Ibid., p. 10

In the same year there were 24 nurseries in Baranya county with 1 194 places and 220 caretakers. The number of children under the care of child protection services has also increased between 2012 and 2014: from 941 to 965 with a drop to 919 in 2013.²⁰

Education and culture

From the school year of 2010/2011 until that of 2014/2015 the following tendencies can be observed: the number of children in elementary education, in kindergarten, in secondary education but mostly in vocational school has decreased as well as the number of people in higher education. In higher education there were 11 000 people in the academic year of 2010/2011 whereas four years later only 8 600.²¹

From 2012 to 2014 the number of community cultural institutions has doubled (from 212 to 449), there was a significant increase in the number of events as well (from 6 566 to 10 267). However the number of visitors could not scamper, it could only grow from 1 478 to 1 760 during this period.²²

Economy

According to 2013 data, the GDP of Baranya county was 745 billion HUF, the GDP per capita 1 984 000 HUF and the GDP per purchasing power parity was 43,6% of that of the average of the EU28 (in the case of Hungary this percentage is 66,2%, in case of Budapest 141,4%). The distribution of GDP between the three main economic branches mainly followed the patterns of the country with more than 60% of GDP in services, about 25% in the industry and building industry (a little less than the country's average of about 30%) and a proportion of about 10% in agriculture (which is the double of the country average). After the year 2012 when the the proportion of GDP spent on research and development was 1,85%, it was 1,3% in 2013 (compared to the country's average spending of 1,41% in the same year).²³

²⁰ Loc. cit.

²¹ Ibid., p. 12

²² Ibid., p. 13

²³ Ibid., p. 14

III. BEST PRACTICES

A) BUDAPEST-PEST MEGYE

Szimpla Farmers' Market

Description of the SSE Good practice

Szimpla Farmers' Market²⁴ is a hugely popular fair trade market in the center of Budapest, providing opportunity for local farmers to sell their products at affordable stand rent rates and for locals to be able to buy producers' goods.

The Farmers' Market was founded by SzimplaCity Ltd. and Agri Kulti Ltd with the contribution of Hungarian NGOs from the field of rural development, protection of the interests of small scale farmers and the Department of Human Ecology of ELTE. The first occasion took place on the 10th of June 2012 and the market is organized every Sunday ever since. The location is provided by Szimpla Kert, Budapest's first ruin pub. The management of Szimpla uses the profit from catering to organize various cultural programs for free, open to everyone.

The other founder, Agri Kulti Ltd. already had experience organizing a farmers' market as they had managed a similar one in Nagymaros, Pest county. The Department of Human Ecology of ELTE with the lead of Gábor Bertényi (expert of sustainable agriculture) also contributed to the project by providing research background on how to create a sustainable marketplace with only local and controlled products, as well as examining the interdependent relationship between the city and the territories surrounding it.

The project's main goal was to provide a stable and low-cost opportunity for local small scale producers to sell their products and to promote short food chains and local, sustainable farming and last but not least to provide customers with reliable food source.

One of the new aspects of the Szimpla Farmers' Market compared to other producers' markets is that the main target audience of Szimpla's consists of young urban people who are not necessarily reached by such initiatives. Thanks to Szimpla's central location and its reputation for being one of the oldest and most prestigious ruin pubs in Budapest gives the opportunity to reach more young people in the capital. The market is a cultural and social venue at the same time with live music, children' programs and agricultural workshops²⁵.

The project has been enriched with elements: the most important is the fundraising that operates on two platforms. One of them is carried out by the volunteers of Budapest Bike

²⁴ <http://www.szimpla.hu/szimpla-piac>

²⁵ http://hvg.hu/gazdasag/20130124_A_helyi_piacok_sikeret_a_termelok_szama_k

Maffia, one of the most developing Hungarian non-profit organizations, founded by young cyclists²⁶. They collect food donations from the customers of the market and they deliver it to families with several children (usually) by bike after the market closes. The other is the so called Common Pot, which is open to NGOs that can apply for an opportunity to cook through a tender. During the market they cook for around 200 people, the food is made from ingredients one can buy at the market, and then they sell it collecting money in an honesty box. This event doesn't only mean money donation but also an opportunity to promote their activities and it is ideal for teambuilding. Our aim is to make the market not only a place for shopping but cultural programs for families for people who visit us. That's why there is live music and creative programs for kids all day long for free. The interior of Szimpla Kert is designed that people can enjoy the atmosphere of a café, sit down, chat or even enjoy the purchased products.

The Szimpla Farmer's Market is a first producer market in downtown Budapest held every Sunday. Each week a different NGO hosts a communal cooking show as a fundraising event, while cyclist volunteers deliver food donations for families in need.

The project has been awarded on Sozial Marie - Prize for social innovation in 2013²⁷.

Evaluation of the good practice

The Szimpla Farmer's Market is a great example of cross-sectoral cooperation promoting social and solidarity economy, and sends out a strong message to other actors emphasizing the advantages of the participatory approach.

The project actively contributes to the sustainable development of small-scale farmers and local communities, promotes the notion of short food chains and local, sustainable farming, and provides customers with reliable food source. Throughout all these, environmental protection and poverty reduction is also fostered and cultivated.

The project communicates actively and mainly through social media channels. Therefore, it also successfully manages to reach out to the young, urban generations, whose consumption habits have a great importance in the era of the sustainable development goals - as a result, there is also a significant transformative change aspect of the project.

"The creation of Budapest Bike Maffia was fuelled by anger and frustration. We have to make a livable world and achieve balance by becoming the driving force for change. We have to support each other and back those in need."

Zoltán Havasi, founder of Budapest Bike Maffia

²⁶ BBM's goal is selfless assistance to help those who are in need, in collaboration with already proven professional organizations. Their main target group is homeless people, poor large or small families, institutions or shelters with minimum support, but with important work in the helping field. <http://bbm.hu/en/>

²⁷ http://sozialmarie.org/projects/szimpla_farmers_market.2999.html

B) BARANYA COUNTY

Mecsek Zöldút Association

The idea of Mecsek Zöldút Association²⁸ has been initiated by locals in 2012 and from then on they have been building it using their own private resources, and have been operating the non-profit initiative ever since. The main goal of Mecsek Zöldút Association is to promote social solidarity, sustainability, community initiatives and local economy, and to link these with tourism. The main pillars of their activity are the promotion of green, environmental-friendly, sustainable economy, sustainable tourism and solidarity for disabled people²⁹.

With the aid of the organization various actors of the economy have gained access to better opportunities: jobs have been created in tourism and in related services. Another important aspect is to promote local agriculture: the products used are purchased from local farmers. Mecsek Zöldút is building and strengthens relationships between customers, local producers, and service providers.

Mecsek Zöldút Association implements these principals through advocacy and community building. They regularly support or organize community events promoting regional values and products specializing in gastronomy and the organization of excursions, tours and hikings in the surrounding areas which are also open to disabled people for whom they also provide accessible bicycles on these tours.

The Association also provides information and data about the region and their knowledge resources are open and available to everyone. They hold lectures about the region and also provide formations and trainings for locals. Many of their programs are about environmental causes. As environmental education is also a crucial principle of Zöldút, they are reaching out to children as well. For example they allow underaged children to be official members of the Association. These children can also be appointed to certain positions in the organization taking their age into consideration when choosing the appropriate position for them.

Zöldút Mecsek Association also takes part in various local and regional projects and initiatives as a mentor organization. Taking its capacity and the needs of the project owners into consideration the Association either assists in the development and execution of the projects or it is restricting itself to an advisory role.

Zöldút Mecsek Association also publishes in the subject of sustainable and environmental friendly tourism and promotes good practices, aims to build relationships with similar

²⁸ <http://mecsekszoldut.hu/index.php/kovetkezo-oldal.html>

²⁹ http://mecsekszoldut.hu/images/alap/Alapszabaly-MEZO_vegleges.pdf

organizations on a national and international level as well and seeks out opportunities to connect local initiatives with other like minded groups of people.

With the aim of strengthening participatory approach and cross-sectoral cooperation, the Association also links more than dozen partners: local and regional small organizations, enterprises and grass-root communities. Cooperation with the local government is also exemplary: the Association is often provided with venues for free and receive financial support by the local government as well.

As it operates as an umbrella organization, small membership fee (besides to private donations) help to sustain their activities and to boost community ownership over the projects. While as of now they primarily focus on community building and coordination between partners, their clear aim for the future is to provide services for various actors as well in order to increase their financial independence.

Zöldút Mecsek Association is also a great example of how the notions of social and solidarity economy and global education can be linked. The Association actively promotes elements of the Sustainable Development Goals during their programmes: among others they advocate for diversity, global solidarity, environmental protection, sustainability, good governance, and global partnership.

"We have slowly become a team because all of us had realized that it was worth doing it. It is the interest of all of us yet it is not merely a business. We are stronger together so we have to work together, and have to put our resources together."

Ibolya Németh, founder of Zöldút Mecsek